

# **KPIT** Fourth Quarter Results FY 2017

Q4FY17 USD Revenue grows 4.4% Q-o-Q to \$ 128.3 Million

Q4FY17 Revenues at ₹ 8,584.6 million, a Q-o-Q growth of 3.3%

Positive on the growth outlook for FY18

## **Investor Release** BSE: 532400 | NSE: KPIT

**Pune, April 26, 2017:** KPIT (BSE: 532400; NSE: KPIT), a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy and Utilities companies, today reported its consolidated financial results for the fourth quarter and full year ended March 31, 2017.

## **Highlights for the quarter ended March 31, 2017**

- EBITDA margins for the quarter stood at 10.1% (10.5% EBITDA at CC)
- PAT for the quarter stood at ₹ 536.88 million, a Q-o-Q growth of 13% on a comparable basis (excluding one-time exceptional gain of ₹ 260.91 Million in Q3FY17)
- Cash Generation continues to be high, DSO at 74 days
- FY18 Growth outlook of 6% - 8% in CC terms

## **Management comments**

**Commenting on the performance of Q4 FY17, Ravi Pandit, Co-founder, Chairman & Group CEO, KPIT said,** " We are satisfied with the revenue growth during the quarter, led by engineering and products & platforms. We remain focused on profitable growth for FY18, with engineering and digital technologies being the two main growth drivers for us. We will continue to invest in growth-oriented, industry and operations technology solutions for our focus verticals."

**Kishor Patil, Co-founder, CEO & MD, KPIT said,** " While the year ended on a very encouraging note, we had a modest growth in FY17 as compared to the last year. We have good visibility of growth for FY18 and will also focus on profitability improvement going forward. While the currency rates and H1B continue to be headwinds for the industry, we will remain glued to improving the operational efficiency with focus on utilization, employee pyramid, automation and delivery excellence."

## Quick Summary

We ended the year on a positive note on the growth front, registering a sequential growth of 4.4% in Q4FY17. Though the annual growth has just been 0.8% in reported USD terms and BB% in constant currency terms, the last quarter revenues give us a good platform towards decent growth in FY18. Engineering depicted good growth in Q4FY17, whereas Digital had some quarterly aberrations in Q4, but has showed consistent growth over the last 2 years.

The operating margins were lower this year as compared to the last year mainly due to lower absorption of freshers onto projects, resulting in flat utilization with increased wage cost as compared to last year. We also did additional lateral hiring during the second half, in anticipation of new deal closures, which have got pushed into the next fiscal. Our main focus during FY18 will be utilization improvement through fresher absorption in offshore growth, delivery excellence and leveraging of fixed costs through profitable growth.

Our business can be broadly divided into two buckets – Services and Solutions Business (S&S) which is ~ 96% of the total business and Products & Platforms (P&P) which is ~ 4% of the total business. The S&S Business can be further divided into Engineering (~ 35% of the S&S Business), Digital Transformation (~ 17% of the S&S Business) and Business IT (~ 48% of the S&S Business)

### FY18 OUTLOOK:

We ended FY17 on a positive note and we hope to carry forward the momentum in FY18. We have good business visibility at the start of FY18 as compared to FY17. During this year, we have continued to develop industry specific solutions and received industry wide recognitions for the same as explained in the respective sections of this document. We will focus on further building our pipeline in our strategic customers.

**Thus, based on the current visibility our Constant Currency Revenue growth for FY18 will be in the range of 6% to 8% over FY17.**

We need to work on the operations, especially in the areas of utilization improvement through absorption of freshers onto projects and delivery excellence with focus on automation and customer delight. We are targeting quarter on quarter improvement in the operational profitability despite the headwinds on account of the rupee dollar exchange rate.

## AUTOMOTIVE AND TRANSPORTATION VERTICAL

- Automotive vertical contributed 41.3% of total revenue for the quarter, registering a Q-o-Q growth of 7.3%. On an annual basis FY17 over FY16 the vertical contributed 40.5% to the total revenue with Y-o-Y growth of 12.2%.
- Worldwide sales reached a record 88 million autos in 2016, up 4.8% from a year earlier, and profit margins for suppliers and auto makers are at a 10-year high. However, the industry is facing challenges with the rise of the shared economy, new partnerships with disruptive tech companies and the race to launch autonomous vehicles. Amidst these factors electric mobility, connected cars, autonomous driving, digitalization, personalization of the consumer preferences with software apps, shared mobility and emergence of car as a service are the key tech trends that continue to dominate the industry.
- **KPIT is positioned** as a solution provider with leadership and domain expertise in areas like infotainment systems and software, clustertainment solutions, in-vehicle network architecture, AUTOSAR migration and integration, Advanced Driver Assistance Systems (ADAS), powertrain or chassis software re-architecture and diagnostics solutions. We have the scalability to leverage OEMs willing to source software independently through systems/ software engineering, integration and validation and modular product/ platform solutions. We are also leveraging our platform/ products and services engagement model across OEMs, Tier Is, Tier IIs and technology providers. There have been specific customer interactions and strong pipeline build up for

Digital transformation and PLM-ALM solutions with KPIT being positioned well for transformational engagements.

## MANUFACTURING VERTICAL

- Manufacturing vertical contributed 33.8% of total revenue for the quarter, depicting a Q-o-Q decline of 4.6%. On an annual basis, this vertical contributed 35.5% to the total revenue with Y-o-Y growth of 1.8%.
- Manufacturing vertical for us is mainly discrete manufacturing comprising of 3 sub verticals - Life Sciences, Hi-Tech and Industrial & Consumer goods

### Industrial Manufacturing

- In the industrial manufacturing sector growth is moving at a slow pace dampened by Brexit concerns and political uncertainties. In such environment productivity gains through improved efficiency, costs and performance of factories become critical. Manufacturers are planning their investments diligently focusing on new technology platforms and operating models that enable connected products and integrate their customers' operations.
- **KPIT in digital manufacturing**, offers expertise in operations monitoring and shop floor to top floor integration. We have solutions for customer/ supplier integrations through supplier portals, communities' portal and digital customer experience. We also offer field services solutions like field service mobile solutions for better customer service and reduction of the lead times for after-market sales and services. Our cloud based solutions for procurement, and MDM cater to the needs of integration processes.

### Life sciences

- The global healthcare spend is projected to reach \$8.7 trillion by 2020. The % of GDP spent on healthcare should also rise slightly from an estimated 10.4% in 2015 to 10.5% in 2020. The key trends for life sciences and healthcare sector for 2017 are Managing cost and pricing, Driving clinical innovation, Connecting with consumers and customers, Transforming business and operating models and Meeting regulatory compliance
- **KPIT is helping** companies reduce their SG&A costs with smart managed application and infrastructure services and captive centers. Our innovative solutions to enable compliance with regulatory mandates including medical device Unique Device ID (UDI), and Identification of Medicinal Products (IDMP) are gaining traction. There is increasing acceptance of cloud solutions in regulatory compliance sensitive areas like track & trace, MDM and PLM.

### Hi-Tech

- In the hi-tech industry major trends include shorter product lifecycles, rapid innovation and new entrants with disruptive technologies, consolidation of players, challenges with complex supply chain networks and increasing regulatory and statutory compliance.

## ENERGY & RESOURCES VERTICAL

- Energy vertical contributed 12.3% of the total revenue for the quarter depicting a sequential growth of 9.7%. On an annual basis, this vertical contributed 11.7% to the total revenue with Y-o-Y decline of 18.5%.
- Across the industry oil prices continue to be volatile. However, the recent oil price gains due to a rebalancing of supply and demand fundamentals, partly accelerated by OPEC's recent decision to cut production are expected to remain in place in near future. 2017 is expected to be a year of slow recovery with large budget cuts for non-revenue generating functions. The key trends will be Focus on capex productivity, Enterprise value creation through data, shaping the future energy grid and Innovation being the tipping point for cloud
- **KPIT is helping** organizations reduce overall opex by optimizing overall delivery model, vendor consolidation and improve productivity by leveraging offshore/outsourcing. We are working on initiatives around digital transformation, internet of things, data and help build analytical capabilities. With the convergence of customer IT and OT programs, we are leveraging economies of scale across resources and technologies. We are working on outcome based models for business problems and automation across business processes to improve productivity and reduce overall cost.

## UTILITIES VERTICAL

- Utilities vertical contributed 1.7% of the total revenue for the quarter depicting a sequential decline of 31%. On an annual basis, this vertical contributed 3% to the total revenue with Y-o-Y decline of 36.3%.
- The major trends that are driving the utilities industry include Emergence of prosumer, Low cost sensors and actuators driving adoption of connected platform, Automation and artificial intelligence and Cybersecurity.
- **KPIT is offering** digital transformation using Big Data and analytics with focus on HADOOP and predictive methods, wind energy operational intelligence and action platform and omnichannel engagement and customer segmented marketing for utilities customers. Our Hybris qualifications allow development of omnichannel engagement for consumer and prosumer. We are exploring opportunities in automation processes while a few of our strategic partnerships combine industry focused safety, compliance and quality initiatives with a robust technology backbone.

## **GEOGRAPHY UPDATE**

- US continues to be the largest geography for us. We have made big investments in strengthening our front end, both on the hunting as well as the mining front. We are witnessing the initial results of these investments through increased pipeline in our strategic accounts and key new customer relationships getting initiated. As a market, in the US, there is focus on Green Manufacturing, Robotics for Automatic Factories and Repairs, 3D Printing, Social Solutions and Crowd Sourcing and Service as a Product. With increasing focus of the new administration to retain manufacturing jobs in the US, the manufacturing sector looks optimistic.
- Europe geography has been under pressure due to the uncertainties involving Brexit. The revenues from the geography were further affected by the cross-currency fluctuations during FY17. Having said that certain geographies like Germany are doing well, especially in the manufacturing and automotive verticals. With the inclusion of MicroFuzzy, we have strengthened our presence in Germany both in terms of engineering resources as well as ability to further penetrate in marquee automotive customers. Electrification of vehicles, adoption of stricter safety standards, push towards smart manufacturing, focus on cyber security and faster adoption of newer digital technologies and cloud are some of the mega trends in the geography. We are getting ready with our industry specific offerings for the geography.
- The ASEAN region has been a good growth geography for us in the recent past. Some of the major trends in this region are urbanization of major cities, focus on integrated intelligent transportation solutions and added investment in Digital technologies. Major areas of traction for us are integrated supply chain and transportation, cloud platforms and IOT. We are strengthening our sales presence in focus countries and partnering with strategic vendors in the region for our products business.
- In Japan, Korea and China (JKC), we are focused on Automotive vertical. Across the JKC region, we see lot of traction in Connected Car offerings, Autonomous Driving, ADAS, AUTOSAR, Diagnostics and Infotainment. There is significant investment from OEMs, T1s and other industry players in developing various, comprehensive "connected" solutions. We are well positioned and are seen as a very credible partner in key technology areas. We are continuously pursuing the above areas and making strategic investments accordingly. We have been able to add few high potential new customers to our portfolio in JKC and are looking for those becoming strategic accounts for us.

## **SBU Update**

### **PRODUCT ENGINEERING SERVICES (PES)**

PES SBU contributed 35.2% of the total revenue for the quarter, depicting a sequential growth of 14.5%. For FY17 the SBU contributed 33.5% of the total revenue with Y-o-Y growth of 6.9%.

- Amongst the practices, there is high traction across Autonomous driving solutions, AUTOSAR, Connected Vehicles, ADAS and ePowertrain domains. We are making continuous technology investments to create unique offerings in these domains, which will further strengthen our leadership position in the industry.

- Our strategic partnership with MicroFuzzy is moving as per expectations as we are leveraging each other's customer base and strengths to win new deals. We are also working jointly to execute projects for various offerings.

#### ePLM

- Smart connected product design, implementation, upgrade and support of PLM and ALM systems in Automotive sector, role based apps, global product data registration in medical device sector and engineering Asset Life Cycle management for public transport with focus on PLM implementations and integrations with Enterprise Asset Management systems, are the major traction areas in PLM.
- Amongst strategic associations, we have extended our partnership with PTC for Cloud based deployment support as well as ThingsWorx partner for IOT use cases and our partnership with Siemens for their additional product portfolio as a value-added partner in Germany.

#### PRODUCTS & PLATFORMS (P&P) SBU

P&P SBU contributed 4.2% to the total revenue for the quarter and it grew by 10.3% Q-o-Q. For FY17 the SBU contributed 3.7% of the total revenue with Y-o-Y growth of 12.6%.

- There was a major development for REVOLO during this quarter as we completed a successful pilot with Karnataka State Tourism Department at Bandipur National Park. We provided one electric bus to the Jungle Lodges and Resorts for safari rides at that national park. REVOLO powered electric bus completed a 42-day trial with 76 safaris and covering 2700 kilometers. The performance of the bus was also praised by tourists as they believed that a noiseless vehicle would gel well with forest ecosystem.

#### THOUGHT LEADERSHIP

- KPIT demonstrated its expertise in Autonomous Driving, Connected Vehicles and Diagnostics at CES,2017. KPIT had 40+ key conversations with prospective clients at CES.
- KPIT demonstrated its expertise in Autonomous Driving, Connected Vehicles and ePowertrain domains in SIAT 2017, a flagship event organized by ARAI biennially. KPIT was recognized with special appreciation award for its contribution in development of indigenous technologies for transportation.
- KPIT sponsored the 2nd UITP India Seminar on IT Solutions for Public Transport at Bangalore. The event was attended by officials of State transport units across country and KPIT presented a casestudy on Traffic modelling PoC done for Pune smart city and its relevance for transportation planning.
- KPIT Technologies participated at the **i-Transport and UATP Conference and Exhibition** organized by Intelligent Transport Society of South Africa. As a **Silver Sponsor**, KPIT showcased its range of products & solutions for **public transportation including Intelligent Transportation System (ITS) & Electrification Technology for buses**.

#### SAP SBU

SAP SBU contributed 22.7% of the total revenue for the quarter depicting a sequential growth of 0.3%. For FY17 the SBU contributed 23.2% of the total revenue with Y-o-Y growth of 4.7%.

- We are well aligned with SAP's growth opportunities and our Go-To-Market is focused on HANA, Hybris, SuccessFactors, IoT. With strong momentum, we will continue to grow in HANA, Cloud, Hybris and C4C solutions.
- Our IP and tools in new technology areas which are gaining traction with customers mainly includes HANAtization toolkit and EDW. We are also developing a cutting edge visualization solution.
- KPIT has been positioned by Gartner Inc. in the "**Challengers**" quadrant in the recently published "**Magic Quadrant for SAP Application Services, North America**<sup>1</sup>". Gartner's "Magic Quadrant for SAP Application Services, North America" report evaluated 20 service providers' capabilities to deliver SAP application

implementation and management services in North America. The report is focused on the full life cycle of SAP application services, spanning project-based implementation and multiyear application management services (AMS).

- KPIT has partnered with SAP SE to implement a rapid deployment GST (Goods & Services Tax) solution, GST Starter Pack for the manufacturing industry in India.

## INTEGRATED ENTERPRISE SOLUTIONS (IES) SBU

IES SBU contributed 27.7% of the total revenue for the quarter depicting a sequential decline of 3.3%. For FY17 the SBU contributed 29.3% of the total revenue with Y-o-Y decline of 3.7%.

### **ORACLE**

- There is momentum for EBS upgrades and roll outs with clients making decisions between on-premise and cloud or following a co-existence approach. Our strong capabilities in EBS combined with emergence in EDGE Cloud (MDM, VCE) is helping us to see good traction in HCM Cloud and ERP cloud in A&A market. We are creating strategy for our clients to enable their cloud adoption road map.
- In JDE, we have added focus on upgrade offering and enhancement of automation tool (IMPACTA), enabling and coaching resources on upgrade methodology and best practices. There is also growing demand on GST implementations in India market.
- Mr. John Sciff has joined KPIT as a strategic advisor for JD Edwards practice. He has been part of JD Edwards for much of its history and was Oracle's Vice President and General Manager of JD Edwards World. During his career with JDE he has led product development, strategy, management, and marketing.
- KPIT has been positioned by Gartner Inc. in the "**Niche Players**" quadrant in the recently published "**Magic Quadrant for Oracle Application Services, North America<sup>1</sup>**". Gartner's Magic Quadrant for Oracle Application Services, North America evaluates 20 service providers' capabilities to deliver Oracle application implementation and management services in North America.

### **IMS**

- Security is a key growth area in Europe region post new security norms issued by EU. We are developing new capabilities on Artificial Intelligence and security services as key differentiator under IMS offerings.
- With ITSM and process compliance as one of the major focus in all enterprises, we have developed a strong ITSM consulting team with best of the breed tools stack.
- There is also good momentum in India region for IMS with few multi-million dollar deals in progress. With strength in FMS we are exploring more opportunities in Pan India and Europe region.

## THOUGHT LEADERSHIP

- KPIT showcased its innovative Oracle capabilities at Collaborate 2017 from 2<sup>nd</sup> April to 6<sup>th</sup> April at Las Vegas.

## DIGITAL TRANSFORMATION (DT) SBU

DT SBU (which addresses DT outside of SAP and Oracle SBU) contributed 10.2% of the total revenue for the quarter depicting a sequential decline of 6.8%. Our overall Digital revenues are around 25 % of the total Business IT revenues of KPIT and are growing at a faster pace. For FY17 the SBU contributed 10.2% of the total revenue with Y-o-Y growth of 4.5%.

- Digitization is the key predicted trend for calendar 2017, across all our focused industry verticals and we believe it to be one of the main growth drivers for the company going forward.
- We see traction in smart asset performance management, Big data and analytics, smart factory and digital supply chain optimization and we are working with our customers across industries to provide them relevant offerings in these areas.

*\*All the revenue growth numbers mentioned under IBU, Geography and SBU update are in equivalent ₹ terms.*

## Technology Update

- During this quarter we have filed four provisional patents with three of them in automotive domain and one in energy domain. As on Q4FY17 end the total number of patents filed stood at 57 including 50 patents with complete specifications.
- We were also granted three patents during this quarter taking the total granted patents count to 30. The details of the recently granted patent are mentioned below:

Patent Number	Patent Title	Country	Domain
ZA 2015/08063	Retrofit System for Converting a Vehicle Into One Of A Hybrid Electric Vehicle (Hev) And Electric Vehicle (Ev)	South Africa	Hybrid
KR 10-1714813	A power assisting system	South Korea	Hybrid
W00201201278	A power assisting system	Indonesia	Hybrid

## Recognitions and Thought Leadership

- Ms. Vaishali Vaid, VP & Head- Global HR, KPIT has been conferred with two prestigious awards for excellence in leadership. Vaishali was recognised with the '**Most influential HR leaders in India**' award by the World HRD Congress and **Women Leadership Achievement award** at the 4th World Women Leadership Congress & Award (WWLCA).

## Customer Highlights

- KPIT was selected by one of the global Tier1s in the infotainment space because of KPIT's differentiated offering and technology solutions.
- For an engagement in the area of smart asset performance management, KPIT was selected as a partner by a leading global manufacturer.
- A global Automotive Tier1 chose KPIT for an engagement in the area of ALM and AMS.
- KPIT was chosen by one of the leading automotive manufacturers for an engagement in the Vehicle Systems area.
- A global Tier1 has partnered with KPIT for its 4.2.X product and integration services. This is an acknowledgement of KPIT's AUTOSAR capability.
- An Asia based leading manufacturer selected KPIT for a SuccessFactors implementation project.
- A leading US Based manufacturer selected KPIT for EBS implementation project.
- A global Oil & Gas Equipment & Services company chose KPIT for an Oracle EBS implementation project.

## Financial Update

### REVENUE UPDATE

Our \$ revenue for the quarter stood at \$ 128.3 Million, a Q-o-Q growth of 4.4% and Y-o-Y growth of 3.3%. In ₹ terms revenue grew by 3.3% Q-o-Q and 2.1% Y-o-Y to ₹ 8,584.63 Million.

Amongst SBUs, the highest Q-o-Q growth was registered by PES SBU with 15.7% Q-o-Q growth which included around \$ 4+ Million from MicoFuzzy. Excluding MicroFuzzy, PES SBU showed a healthy Q-o-Q growth of 5.5%. P&P SBU grew by 11.5% and SAP SBU grew by 1.4%. IES and DT SBU declined by 2.3% and 5.9% respectively. On an annual basis for FY17 over FY16 the Y-o-Y growth was 4.6% in PES SBU, 10.2% in P&P SBU, 2.5% in SAP SBU and 2.3% in DT SBU. IES SBU declined by 5.7% during the year.

Amongst geographies, Europe was the highest growing geography with 21.3% Q-o-Q growth while APAC and US grew by 5.1% and 0.8% respectively. On an annual basis for FY17 over FY16, APAC region grew by 14.6% while US and Europe declined by 0.1% and 6.1% respectively.

In terms of industry verticals, the Q-o-Q growth in automotive & transportation vertical was 8.4% and Energy & Utilities grew by 3.6%. There was a decline of 3.6% in manufacturing vertical. On an annual basis for FY17 over FY16 there was a Y-o-Y growth of 9.8% in Automotive & Transportation. However, Manufacturing and Energy & Utilities verticals declined by 0.3% and 24.4% respectively.

On a Q-o-Q basis our top customer grew by 2% while the revenue for Top 2-10 customers grew by 13.3%. During the year FY17, the top customer declined by 8.9% on a Y-o-Y basis while the revenue for Top 2-10 customers increased by 5.9%, mainly led by growth in revenues from Auto Customers.

*\*All the revenue growth numbers mentioned under revenue update are in equivalent \$ terms.*

## PROFITABILITY

The realized rate for the quarter was ₹ 66.91/\$ against ₹ 67.6/\$ in Q3FY17.

The Operating Profit Margin for Q4FY17 was 10.14% as compared to 10.18% for Q3FY17. The exchange range impact was a negative 40 bps during the quarter. Since this was the first quarter for consolidation of MicroFuzzy, there were additional integration related expenses in MicroFuzzy as well as in KPIT and hence the overall profitability on the consolidated MicroFuzzy revenues was lower. We expect this profitability to significantly improve from the current levels in the coming quarters. The increase in other expenses during the quarter was mainly because of increase in travelling expenses, including those on MicroFuzzy integration and increase in professional fees paid to subcontractors.

The Net addition during the quarter was 229, out of which around 110 MicroFuzzy employees were welcomed to the KPIT family during the quarter.

## CASH FLOW

Details	₹ Million
<b>Cash Profit for Q4FY17</b>	<b>784.80</b>
Working Capital Adjustments	(168.57)
<b>Cash Generated from Operations</b>	<b>616.23</b>
Fixed Assets (including additional Goodwill on consolidation) + ESOPs	(804.74)
<b>Balance Cash Flow</b>	<b>(188.51)</b>
Debt Repayment	(148.57)
<b>Total Increase/(Decrease) in cash balance</b>	<b>(156.09)</b>

The Cash Balance as at March 31, 2017 stood at ₹4,617.24 Million as compared to ₹4,773.41 Million as on December 31, 2016.

The DSO at 74 days, at the quarter end, were down by 2 days as compared to last quarter

As on March 31, 2017 our total debt stood at ₹3,847.31 Million (₹3,995.88 Million as of December 31, 2016) comprising of ₹1,610.32 Million of Term Loan and ₹2,236.99 Million of Working Capital Loan.

- Thus the Net Cash Balance as at March 31, 2017 stood at ₹ 769.93 Million.



Income statement for quarter ended March 31<sup>st</sup>, 2017

₹ million	Q4 FY17	Q3 FY17	Q-o-Q Growth	Q4 FY16	Y-o-Y Growth
<b>Sales</b>	<b>8,584.63</b>	<b>8,306.78</b>	<b>3.34%</b>	<b>8,409.92</b>	<b>2.08%</b>
Employee Benefit Expenses	5,405.83	5,312.07	1.77%	4,786.22	12.95%
Cost of materials consumed	71.58	45.43	57.56%	29.32	144.10%
Depreciation & Amortization Expenses	247.83	191.45	29.45%	179.56	38.02%
Other Expenses	2,236.78	2,103.44	6.34%	2,271.79	(1.54%)
<b>Total Expenses</b>	<b>7,962.02</b>	<b>7,652.39</b>	<b>4.05%</b>	<b>7,266.90</b>	<b>9.57%</b>
<b>Profit before Other Income, Finance costs &amp; Exceptional Item</b>	<b>622.61</b>	<b>654.39</b>	<b>(4.86%)</b>	<b>1,143.03</b>	<b>(45.53%)</b>
Other Income	12.49	29.22	(57.26%)	64.00	(80.48%)
<b>Profit before Finance costs &amp; exceptional Items</b>	<b>635.10</b>	<b>683.61</b>	<b>(7.10%)</b>	<b>1,207.03</b>	<b>(47.38%)</b>
Finance costs	0.42	65.65	(99.36%)	25.61	(98.36%)
<b>Profit after Finance costs &amp; before exceptional Items</b>	<b>634.68</b>	<b>617.96</b>	<b>2.71%</b>	<b>1,181.42</b>	<b>(46.28%)</b>
Exceptional Items	-	260.91	-	(112.98)	-
<b>Profit Before Tax</b>	<b>634.68</b>	<b>878.87</b>	<b>(27.78%)</b>	<b>1,068.44</b>	<b>(40.60%)</b>
Tax Expenses	97.36	143.04	(31.94%)	141.13	(31.01%)
<b>Net Profit from ordinary activities after Tax</b>	<b>537.32</b>	<b>735.83</b>	<b>(26.98%)</b>	<b>927.31</b>	<b>(42.06%)</b>
Extraordinary Items	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>537.32</b>	<b>735.83</b>	<b>(26.98%)</b>	<b>927.31</b>	<b>(42.06%)</b>
Share of profit from associate	(0.05)	-	-	-	-
Minority Interest	0.39	-	-	-	-
<b>PAT</b>	<b>536.88</b>	<b>735.83</b>	<b>(27.04%)</b>	<b>927.31</b>	<b>(42.10%)</b>
Other Comprehensive Income	(197.47)	(23.57)	-	(176.95)	11.60%
Total Comprehensive income for the period	339.41	712.26	(52.35%)	750.36	(54.77%)
Paid up Capital	376.39	376.13	-	375.65	-
EPS (₹ 2/-Face Value each)					
- Basic	2.80	3.84	(26.98%)	4.84	(42.13%)
- Fully Diluted	2.69	3.68	(26.87%)	4.63	(41.85%)
<b>Common Size Analysis:</b>					
Gross Profit Margin	29.15%	28.97%	0.18%	35.29%	(6.14%)
SG&A / Revenue	19.01%	18.79%	0.23%	19.13%	(0.11%)
EBITDA Margin	10.14%	10.18%	(0.04%)	16.16%	(6.02%)
Net Profit Margin	6.25%	8.86%	(2.61%)	11.03%	(4.78%)

Income statement for full year ended March 31<sup>st</sup>, 2017

₹ million	Mar-17	Mar-16	Y-o-Y Growth
<b>Sales</b>	<b>33,233.61</b>	<b>32,264.08</b>	<b>3.00%</b>
Employee Benefit Expenses	20,905.25	19,334.99	8.12%
Cost of materials consumed	256.11	134.17	90.88%
Depreciation & Amortization Expenses	826.64	691.25	19.59%
Other Expenses	8,585.92	8,452.62	1.58%
<b>Total Expenses</b>	<b>30,573.92</b>	<b>28,613.03</b>	<b>6.85%</b>
<b>Profit before Other Income, Finance costs &amp; Exceptional Item</b>	<b>2,659.69</b>	<b>3,651.05</b>	<b>(27.15%)</b>
Other Income	206.60	281.85	(26.70%)
<b>Profit before Finance costs &amp; exceptional Items</b>	<b>2,866.29</b>	<b>3,932.90</b>	<b>(27.12%)</b>
Finance costs	135.98	165.41	(17.79%)
<b>Profit after Finance costs &amp; before exceptional Items</b>	<b>2,730.31</b>	<b>3,767.49</b>	<b>(27.53%)</b>
Exceptional Items	260.91	(112.98)	-
<b>Profit Before Tax</b>	<b>2,991.22</b>	<b>3,654.51</b>	<b>(18.15%)</b>
Tax Expenses	605.73	845.48	(28.36%)
<b>Net Profit from ordinary activities after Tax</b>	<b>2,385.49</b>	<b>2,809.03</b>	<b>(15.08%)</b>
Extraordinary Items	-	-	-
<b>Net Profit for the Period</b>	<b>2,385.49</b>	<b>2,809.03</b>	<b>(15.08%)</b>
Share of profit from associate	(0.05)	-	-
Minority Interest	0.39	-	-
<b>PAT</b>	<b>2,385.05</b>	<b>2,809.03</b>	<b>(15.09%)</b>
Other Comprehensive Income	(250.72)	123.32	-
Total Comprehensive income for the period	2,134.33	2932.35	(27.21%)
Paid up Capital	376.39	375.65	-
EPS (₹ 2/-Face Value each)			
- Basic	12.44	14.69	(15.34%)
- Fully Diluted	11.94	14.06	(15.08%)
<b>Common Size Analysis:</b>			
EBITDA Margin	10.49%	13.15%	(2.66%)
Net Profit Margin	7.18%	8.73%	(1.55%)

Performance Metrics for quarter ended March 31<sup>st</sup>, 2017

	Q4 FY17	Q3 FY17	Q-o-Q Growth	Q4 FY16	Y-o-Y Growth
<b>Revenue Spread – Geography</b>					
USA	67.66%	70.09%	(0.24%)	68.91%	0.23%
Europe	16.75%	14.42%	20.08%	18.04%	(5.20%)
Rest of World	15.59%	15.49%	4.00%	13.06%	21.87%
<b>Revenue Spread – Verticals</b>					
Automotive & Transportation	41.29%	39.76%	7.32%	39.10%	7.81%
Manufacturing	33.79%	36.61%	(4.60%)	35.02%	(1.50%)
Energy & Utilities	13.96%	14.07%	2.52%	17.98%	(20.75%)
Others	10.96%	9.56%	18.42%	7.91%	41.46%
<b>Revenue Spread – by SBU*</b>					
Integrated Enterprise Solutions	27.66%	29.55%	(3.27%)	30.38%	(7.07%)
Product Engineering Services	35.23%	31.80%	14.48%	34.02%	5.70%
Products & Platforms	4.15%	3.89%	10.32%	3.82%	11.07%
SAP	22.72%	23.40%	0.35%	22.50%	3.08%
Digital Transformation <sup>^</sup>	10.25%	11.37%	(6.84%)	9.29%	12.59%
<b>Customer details</b>					
No. of Customers Added	3	2	-	3	-
No. of Active Customers	228	225	-	218	-
Customers with run rate of >\$1Mn	90	89	-	94	-
Top Client – Cummins	12.36%	12.64%	0.98%	13.94%	(9.53%)
Top 5 Clients	26.50%	27.17%	0.80%	25.87%	4.59%
Top 10 Clients	37.50%	35.82%	8.18%	33.49%	14.30%
<b>Onsite / Offshore Split</b>					
Onsite Revenues	55.84%	56.96%	1.31%	57.93%	(1.60%)
Offshore Revenue	43.32%	42.33%	5.78%	41.35%	6.95%
SI <sup>#</sup>	0.84%	0.71%	21.61%	0.72%	18.43%
<b>Revenue by Contract Type</b>					
Time and Material Basis	63.34%	65.63%	(0.25%)	72.85%	(11.24%)
Fixed Price / Time Basis	35.82%	33.66%	9.97%	26.43%	38.34%
SI <sup>#</sup>	0.84%	0.71%	21.61%	0.72%	18.43%
<b>Debtors (days)</b>					
	74	76	-	75	-

Human Resources – Details	Q4 FY17	Q3 FY17	Q-o-Q Growth	Q4 FY16	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,705	1,664	-	1,643	-
Development Team - Offshore(Avg.)	9,413	9,238	-	8,279	-
Onsite FTE	1,524	1,483	2.72%	1,486	2.51%
Offshore FTE	6,426	6,267	2.54%	5,813	10.56%
Total FTE	7,950	7,751	2.57%	7,299	8.92%
Development (at Quarter end)	11,225	11,017	-	10,095	-
Gen Management / Support (at Quarter end)	629	616	-	592	-
Marketing (Subsidiaries) (at Quarter end)	256	248	-	223	-
Total (at Quarter end)	12,110	11,881	-	10,910	-
Onsite utilization	89.37%	89.15%	-	90.47%	-
Offshore utilization	68.27%	67.84%	-	70.21%	-

\*The SBU revenues have been re-classified based on new organizational changes and previous period figures have been restated for comparison.

Products & Platforms SBU revenue has been separated from Product Engineering Services SBU.

^ Digital Transformation SBU (erstwhile Enterprise Solutions SBU)

# SI represents the revenues for our Telematics solution.

Performance Metrics for year ended March 31<sup>st</sup>, 2017

	Mar-17	Mar-16	Y-o-Y Growth
<b>Revenue Spread – Geography</b>			
USA	68.11%	68.76%	2.03%
Europe	16.43%	17.64%	(4.04%)
Rest of World	15.45%	13.60%	17.07%
<b>Revenue Spread – Verticals</b>			
Automotive & Transportation	40.46%	37.15%	12.17%
Manufacturing	35.48%	35.88%	1.85%
Energy & Utilities	14.65%	19.55%	(22.82%)
Others	9.41%	7.41%	30.75%
<b>Revenue Spread – by SBU*</b>			
Integrated Enterprise Solutions	29.31%	31.36%	(3.71%)
Product Engineering Services	33.53%	32.32%	6.87%
Products & Platforms	3.69%	3.38%	12.60%
SAP	23.23%	22.86%	4.68%
Digital Transformation <sup>^</sup>	10.23%	10.09%	4.51%
<b>Customer details</b>			
No. of Customers Added	10	10	-
No. of Active Customers	228	218	-
Customers with revenue of >\$1Mn	90	92	-
Top Client – Cummins	12.72%	14.08%	(6.94%)
Top 5 Clients	27.11%	28.05%	(0.44%)
Top 10 Clients	38.03%	38.19%	2.58%
<b>Onsite / Offshore Split</b>			
Onsite Revenues	56.97%	56.79%	3.33%
Offshore Revenue	42.27%	42.52%	2.39%
SI <sup>#</sup>	0.76%	0.69%	13.64%
<b>Revenue by Contract Type</b>			
Time and Material Basis	67.68%	72.10%	(3.30%)
Fixed Price / Time Basis	31.56%	27.22%	19.44%
SI <sup>#</sup>	0.76%	0.69%	13.64%
<b>Debtors (days)</b>	74	75	-

Human Resources – Details	Mar-17	Mar-16	Y-o-Y Growth
Development Team – Onsite (Avg.)	1,664	1,603	-
Development Team - Offshore(Avg.)	9,048	8,350	-
Onsite FTE	1,485	1,438	3.28%
Offshore FTE	6,183	5,749	7.55%
Total FTE	7,669	7,187	6.70%
Development (at Quarter end)	11,225	10,095	-
Gen Management / Support (at Quarter end)	629	592	-
Marketing (Subsidiaries) (at Quarter end)	256	223	-
Total (at Quarter end)	12,110	10,910	-
Onsite utilization	89.28%	89.74%	-
Offshore utilization	68.34%	68.86%	-

## Hedging details

The currency market has been extremely volatile in the recent period and the company has major exposure in 3 currencies- USD, Euro and GBP. As per our hedging policy, we cover 75% of the net exposure through forward contracts for the next two quarters.

### Total Outstanding Hedges:

- Total amount of USD hedges as on 31<sup>st</sup> March 2017 : \$ 36.65 Million

These hedges are maturing in FY17-18 and average rate for these hedges is ₹68.5 / \$

## Balance sheet details

Balance Sheet Summary: As at (₹ Million)	Mar 31, 2017	Mar 31, 2016
<b>Assets:</b>		
Non-current Assets:	10,582.17	9,049.82
Fixed Assets	3,967.78	2,815.17
Goodwill	4,116.81	3,846.99
Other Non-current assets	2,497.58	2,387.66
Current Assets:	14,631.47	12,781.84
Inventories	433.49	380.04
Trade Receivables	7,843.39	6,860.87
Cash & bank balances	3,901.81	3,953.27
Other Current Assets	2,452.78	1,587.66
<b>Total Assets</b>	<b>25,213.64</b>	<b>21,831.66</b>
<b>Equity &amp; Liabilities:</b>		
Equity:	15,841.49	13,854.38
Share Capital	376.39	375.65
Other Equity	15,447.05	13,478.73
Non-controlling Interest	18.05	-
Non-current Liabilities:	1,696.41	2,243.82
Financial liabilities	1,117.05	1,728.09
Provisions	579.25	515.55
Deferred tax liabilities	0.11	0.18
Current Liabilities:	7,675.74	5,733.46
Short term borrowings	2,216.91	498.09
Trade Payables	1,311.06	1,183.94
Other Current liabilities	4,147.77	4,051.43
<b>Total Equity &amp; Liabilities</b>	<b>25,213.64</b>	<b>21,831.66</b>

## Conference Call Details

Conference name : KPIT Q4 FY2017 Conference Call  
Date : April 27, 2017  
Time : 1600 Hours (IST)

### Dial-in Numbers for all the participants

Primary number : +91 22 3960 0695

Local access Number : 3940 3977

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## About KPIT Technologies

KPIT (BSE:532400, NSE: KPIT) is a global technology company specializing in providing IT Consulting and Product Engineering solutions and services to Automotive, Manufacturing, Energy & Utilities and Life Sciences companies. Together with its customers and partners, it creates and delivers technologies to enable creating a cleaner, greener and more intelligent world that is sustainable and efficient. For more information, visit <http://www.kpit.com>

## Forward Looking Statements

Some of the statements in this update that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

## Contact Details

For Investor Queries	For Media Queries
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